

BLUE EAGLE OR BLACK BUZZARD?

The National Recovery Administration in Virginia

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THE National Recovery Administration (NRA) was one of the most controversial of Franklin D. Roosevelt's New Deal programs. Welcomed as the solution to the problems of depression, NRA floundered, came under growing criticism, and was finally terminated by a Supreme Court decision. A study of its operation in the Old Dominion reveals the difficulties it encountered, the opposition it engendered, and the reasons it failed.

The Great Depression of the 1930s created an unprecedented economic crisis in the United States. At its nadir in the winter of 1932-1933, a quarter of the labor force was out of work, factories lay idle, bread lines stretched along city streets, banks were closed, and farmers battled to avoid foreclosures. For three years politicians and businessmen, applying traditional formulas, had struggled without success to revive the collapsed economy. Now, with a combination of hope and despair, the nation turned to Franklin Roosevelt for new direction.

In June 1933, three months after taking office, Roosevelt prodded Congress into enacting the National Industrial Recovery Act, which created a \$3.3 billion public works program and approved a complex scheme for economic revitalization. To administer the latter plan, the president established NRA and appointed General Hugh Johnson as director. NRA proposed to reduce unemployment, improve working conditions, and promote cooperation among trade groups and between employers and employees by suspending the antitrust laws, establishing wage and hour standards, and guaranteeing labor the right to bargain collectively.

The rules by which each industry would operate were drawn up into a code agreement negotiated by representatives of government, management, labor, and consumers. Once approved by the president, each code would be administered by a code authority, composed of business and labor elements, which could, in turn, create state and local authorities to supervise that code in their area. Alleged violations of trade and labor practices were reviewed by the various code authorities, which attempted to obtain com-

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pliance with code requirements. Failing this, NRA endeavored to mediate the dispute, first at the state level and then through regional and national adjustment boards. Final adjudication rested in the courts, where NRA met its eventual death.¹

Before this occurred, however, the agency enjoyed a few months of unparalleled success, reflecting a restored sense of confidence generated by Franklin Roosevelt. The summer of 1933 was the summer of NRA. As code-making negotiations stalled, Hugh Johnson organized a nationwide campaign to get individual employers to sign presidential Reemployment Agreements signifying their acceptance of the new wage and hour standards. Overnight the country was transformed into a mass parade demonstrating support for NRA. A Blue Eagle emblem, displayed to indicate an employer's adoption of the standards, found its way into the windows of two million businesses. In the face of such public excitement, the major industries began to accept code agreements. The cotton textile code, which had been drawn up before the campaign, set the pattern for the others to follow, reducing the workweek from fifty-five to forty hours and establishing a minimum wage of twelve dollars per week. Robert West, president of Dan River Mills, helped draft this code which, due to the hour cutback, created new jobs but also boosted the prices of cotton goods.²

The intoxicating effect of NRA spread through the cities of the Old Dominion. Municipalities undertook citywide drives complete with torch-light parades to enlist code participants. By late summer, NRA had captured the imagination of thousands of Virginians, and Blue Eagles appeared in store windows and on newspaper mastheads. In Roanoke "Shanghai Mickey" was tattooing people with Blue Eagles and the slogan "We Do Our Part" for fifty cents. Chairman of the state drive, Mason Manghum, estimated NRA was responsible for reemploying 10,000 Virginians in its first three months. Six months later, Dr. John Corson, state NRA director, wrote, "Every Virginian . . . is now affected in his daily living by the operations of the National Recovery Administration in this State."³ Over 31,000 Virginia businesses eventually approved the codes which provided better wages and shorter hours for 195,000 workers. In the first months of operation fewer complaints of code violations were reported in Virginia than in

¹ William Leuchtenburg, *Franklin D. Roosevelt and the New Deal* (New York, 1963), pp. 56-58; *Report on the Operation of the National Industrial Recovery Act* (Washington, 1935), p. 1; John J. Corson, "The Work of the NRA in Virginia," *The University of Virginia Newsletter*, 2nd ser., IX, April 15, 1934.

² Leuchtenburg, *FDR and the New Deal*, pp. 64-66; *Richmond Times-Dispatch*, July 16, 1933.

³ Corson, "NRA in Virginia," *UVa Newsletter*, April 15, 1934.

most other states, while local compliance boards from across the Commonwealth announced general acceptance of the program by all participants.⁴

These compliance boards began the administration of NRA in Virginia in September 1933. Informally attempting to adjust disputes between management and labor, they became less important once state machinery went into operation. The state NRA office, which opened in Richmond in January 1934, acted as liaison between Washington and the code authorities on the one hand, and employers and employees on the other. It reviewed most of the complaints received, passing along a few cases of a technical or significantly complex nature to the state adjustment board and the rest to Washington. The State Adjustment Review Board met eight times in its career, handling twenty-one cases and making seventeen adjustments, upholding the ruling of the state office each time. The three board members were Colonel LeRoy Hodges, managing director of the Virginia State Chamber of Commerce, the neutral member; B. G. Slaughter, former president of Tubize-Chatillon Rayon Corporation, representing industry; and R. T. Bowden, former Virginia Federation of Labor (VFL) president, representing labor. The local boards had similar representation. Through General Assembly action, Virginia was one of twelve states which had complementary legislation making NRA applicable to firms engaged in intrastate commerce and imposing a \$500 fine on violators; however, its provisions were rarely invoked. Regarding the administration of the various codes in Virginia, the state director reported that enthusiasm for them waned quickly after the initial glow of success. Among the code authorities in the state, only those of the motor vehicle retailing trade and the lumber and timber industry cooperated fully with the state office, while those of the baking industry, the cleaning and dyeing trade, and the retail drug trade adopted an unfriendly attitude.⁵

By the beginning of 1934, the cries of consumers, labor, and industry about the deficiencies of NRA were increasing in volume. Rising prices, the reluctance of business to recognize labor, and Hugh Johnson's bombastic nature were cited as the agency's prominent liabilities. A National Recovery

⁴ *Times-Dispatch*, August 24, August 27, October 8, 1933; *Norfolk Virginian-Pilot*, August 21, September 5, 1933; *Roanoke World News*, October 12, 1933; state report of July 22, 1935, and letter from J. J. Skorup, District Compliance Director, to Donald Renshaw, Field Director, January 13, 1934, National Recovery Administration Records, Box 4955, Record Group 9, National Archives.

⁵ State NRA reports, August 31 and November 15, 1935, Box 4955, and catalogued inventory of NRA records, p. 140, Record Group 9, National Archives; Corson, "NRA in Virginia," *UVa Newsletter*, April 15, 1934; H. M. Henry, "National Recovery and Virginia," *UVa Newsletter*, May 15, 1934; *Times-Dispatch*, February 12, December 26, 1934.

Review Board, headed by the famed lawyer Clarence Darrow, condemned NRA for its monopolistic features and recommended a return to the antitrust laws. Roosevelt ordered a reorganization in September and pressured Johnson to resign.⁶

Despite the initial support given NRA in Virginia, the honeymoon was brief. The editor of the *Farmville Herald*, an ardent advocate of NRA in August, wrote six months later, "We do not think the blessings of NRA may be found in Farmville."⁷ Three months after the Virginia offices formally opened, five hundred complaints had been received, many of them involving unfair practices by grocery stores, restaurants, lumber and timber firms, and furniture manufacturers. Most protests arose over wage and hour violations. One Norfolk employer told his employees he had joined "for the record" and that those who complained of no pay raises would be fired; others raised wages and then were repaid by employees for "services rendered"; elsewhere, minimum wages became maximum rates. Two unusual entreaties illustrate the insurmountable problems faced by NRA officials. A Richmond restaurant cook objected to a rearrangement of his working hours which prevented his hearing "Amos and Andy" each evening. In another bizarre case a young bride wrote to Virginia NRA demanding to know why her husband had to work all night long. Upon investigation, it was found the fault did not lie with the codes but with another woman. The failure of industry to recognize labor's right to organize and bargain collectively produced repeated charges from the Virginia Federation of Labor and individual labor unions that section 7a, which protected labor's interests, was being violated; in some instances strikes occurred over this issue.⁸

Industry, too, registered many complaints. Prior to NRA, southern wage scales had been considerably lower than those in the rest of the country. To avoid financial hardship for southern businesses, NRA officials established wage differentials between the sections which raised wages in the South but allowed these businesses to compete on an equal footing with their northern counterparts by continuing lower scales. Even with this concession, however, the codes inflicted distress on marginal firms, especially

⁶ Leuchtenburg, *FDR and the New Deal*, pp. 67-68; *Times-Dispatch*, May 21, August 25, September 26, 1934.

⁷ *Farmville Herald*, February 9, 1934.

⁸ Corson, "NRA in Virginia," *UVa Newsletter*, April 15, 1934; Thomas J. Wertenbaker, *Norfolk: Historic Southern Port* (Durham, 1962), p. 336; state NRA reports, May 25, 1935, Box 5065, and July 20, 1935, Box 4955, and April 1935 records, Box 5065, Record Group 9, National Archives; *Times-Dispatch*, March 23, April 8, May 22, 1934, April 12, 1935.

small businesses which could not afford the minimum wage. Two Virginia slate companies acknowledged they would have to close unless they could be exempted from the NRA wage scales, while increased wages and costs of materials sharply curtailed the canning industry in Westmoreland County. The Union Envelope Company of Richmond, forced to discharge forty people because of the higher standards, asked for an exemption for longer hours to meet its contract commitments, but the request was denied. In the case of some of her industries, Virginia was grouped with the northern states, and many industrialists, including James F. Ryland, president of the Virginia Manufacturers Association (VMA), objected to this discrimination.⁹

The inadequacies of the codes, which were burdened by a mass of details about pricing procedures, wage and hour provisions, and production controls, were a major problem facing NRA on the state and national scene. Responsible for the administration of over five hundred codes, including the dog food and horse hairdressing industries, NRA was inundated with thousands of reported infractions. Many of these were of a trivial nature, such as the case against Economy Casket Company of Portsmouth, which lost its Blue Eagle for violating the funeral supply code. Such bureaucratic overkill contributed to the agency's ineffectiveness in stimulating recovery. Rising prices outstripped wage increases and negated any additional buying power the consumer gained. Dan River Mills raised wages almost fifty percent, but the reduction of the workweek to forty hours limited the net gain to eleven percent, hardly enough to cover the inflating cost of living. Furthermore, the retail code exempted businesses employing five or fewer persons and towns under 2,500 population, making it effective in only forty-three Virginia communities.

The closing of small, marginal firms imposed special hardships on their released employees, many of whom were blacks who were particularly hard hit by NRA policies. Low income occupations traditionally held by blacks, such as domestics, were exempted from wage standards and so the workers suffered as prices rose. On the other hand, Negroes holding jobs affected by the codes frequently were replaced by whites when their wages rose to minimum levels. Said the Norfolk *Journal and Guide*, "Recovery cannot be

⁹ James L. B. Williams, *An Economic and Social Survey of Westmoreland County* (Charlottesville, 1936), p. 66; *Times-Dispatch*, April 7, 1934; William Palmer to Carter Glass, April 12, 1934, Box 147, and Ryland to Glass, August 25, 1933, Box 309, Carter Glass Papers, Alderman Library, University of Virginia.

accomplished by bestowing all of the benefits of the NRA upon white workers and crucifying Negro workers on an economic cross.”¹⁰

Another shortcoming of NRA was its lack of enforcement power. State Director Corson wrote, “moral persuasion plus removal of the Blue Eagle Emblem is the only means of enforcing . . . a Code, and the latter means at this time does not prove very effective.”¹¹ The G & H Clothing plant in Fredericksburg, which had closed and put five hundred persons out of work rather than comply with an NRA order to restore \$200,000 in back wages and operate under the codes, resumed operation under a federal court injunction preventing NRA from enforcing its ruling. The subsequent loss of their Blue Eagle did not deter the owners from reopening. A spokesman for Richmond cleaners and dyers, whose trade practices had been outlawed by NRA, concluded, “We are through with codes and eagles. Richmond cleaners and dyers will be able to get along hereafter without any interference from the NRA and we will not apply for the new insignia.” Standard Drug Company of Richmond, upon loss of its Blue Eagle for selling items below minimum price, denied it had ever been given one. The Virginia office was successful on one occasion in getting a state court to uphold state and federal legislation, but such victories were few and defeats numerous.¹²

Old Dominion political leaders who had opposed NRA from its inception did not lament its difficulties. Patrick Henry Drewry, congressman from Petersburg and the Fourth District, wrote to his son that the establishment of NRA was an unconstitutional act, apologizing that he had voted for it because “our jobs are dependent on being ‘regular’ until the fickle public finds it has been buncoed.”¹³ The major opponent of NRA in Virginia was none other than Carter Glass. Writing to Representative James Beck of Pennsylvania, the senator bitterly assailed the legislation: “The so-called Recovery Act is not only unconstitutional, but it has been administered with a degree of brutality that has created a reign of terror and put industry, and individual business, in involuntary servitude.”¹⁴ The old Jeffersonian

¹⁰ Norfolk *Journal and Guide*, August 12, 1933; Robert S. Smith, *Mill on the Dan: A History of Dan River Mills, 1882-1950* (Durham, 1960), pp. 393-395; state NRA reports, April 1935, Box 5065, and July 20, 1935, Box 4955, Record Group 9, National Archives; *Virginian-Pilot*, August 10, 1933; *Times-Dispatch*, October 24-25, 1933, September 26, 1934; Leuchtenburg, *FDR and the New Deal*, p. 68.

¹¹ Corson to NRA Regional Director, February 21, 1935, Box 5065, Record Group 9, National Archives.

¹² Charlottesville *Daily Progress*, July 11, 1934; *Times-Dispatch*, July 20, July 26, August 21, September 7, November 16, 1934.

¹³ Drewry to Jack Drewry, May 27, 1933, Box 17, Patrick Henry Drewry Papers, Alderman Library, University of Virginia.

¹⁴ Glass to Beck, October 20, 1933, Box 309, Glass Papers.

objected to using the Blue Eagle on his Lynchburg newspaper and challenged Hugh Johnson to enforce the codes against him. Addressing another Virginia publisher, Glass said,

It is difficult to know how to advise you since you do not indicate whether or not you signed this code. If you did make the mistake of signing it, you should keep your agreement. If you did not sign it, and I were in your place, I would tell them to go to hell.¹⁵

In an even more vitriolic letter to Walter Lippmann, Glass excoriated NRA as an attempt "to transplant Hitlerism to every corner of this nation." The senator raged:

The government itself has resorted to blackmail, boycott, and to a species of threats that will forever mark a black page in the history of the country. I had a personal interview with General Johnson last week, at which I plainly told him that his blue eagle was fast becoming a bird of prey and that he was creating a reign of terror among thousands of struggling small industries which are threatened with bankruptcy by reason of the brutal methods employed. I personally know this to be a fact with respect to my own state and its industries, and I have no reason to think it is different in any other state. Thousands of the very concerns which are publicly exhibiting the blue eagle are privately cursing the symbol as a black buzzard.¹⁶

A Virginia Manufacturers Association poll of sixty-eight businesses in the state appeared to bear Glass out. Thirteen firms desired continuation of NRA, twenty-eight favored its dissolution, and fifteen were agreeable to its continuation with modifications. In a notable understatement VMA concluded, "NRA is not entirely satisfactory."¹⁷ However, a survey conducted by the *Richmond Times-Dispatch* of six selected industries and businesses presented a more favorable picture of NRA's acceptance in Virginia. The retail automobile trade was two-to-one in favor of its continuation. Eighty-nine percent of the dealers reported better business and seventy-one percent reported higher profits, wages, employment, and costs. These increases were less dramatic in the retail lumber business where dissatisfaction was great in spite of higher profits. The retail druggists approved of NRA by a nine-

¹⁵ Glass to Ralph Dorsey, December 3, 1934, Box 320, Glass Papers; see A. Cash Koeniger, "Carter Glass and the National Recovery Administration," *South Atlantic Quarterly*, LXXIV (Summer 1975), 349-364.

¹⁶ Glass to Lippmann, August 10, 1933, Box 4, Glass Papers.

¹⁷ *The Virginia Manufacturer*, X (August 1934), 1; this poll revealed discontent despite the fact that forty-one firms polled reported an increase in employment; fifty, an estimated increase in payrolls; and thirty-four, an increase in production; employees of the polled businesses favored NRA, fifty-three firms to seven.

to-one margin. Business, profits, employment, costs, and wages were all up eleven to fifteen percent. Nevertheless, one recalcitrant owner demanded, "Repeal the whole damn thing and let us go back to the United States Constitution." The wholesale food and grocery trade was also two-to-one in favor of NRA and reported gains similar to those of the drug trade. Both the solid fuel and construction industries, however, disclosed declines in profits and employment, and rising costs. While men in these groups desired modifications in NRA, the construction contractors, when asked for a definite yes or no on NRA's continuation, responded negatively, three-to-one. Most complaints from all trades listed the greatest deficiencies as noncompliance in the respective industries, a failure to enforce regulations, and high wages. Virginia Electric and Power Company blamed NRA for higher operating expenses due to increased fuel prices and labor costs.¹⁸

Like the state's senior senator, the Virginia press quickly lost enthusiasm for NRA. In discussing the possibility of a new recovery administration, the *Lynchburg News*, Glass's paper, believed it should be based on the "abandonment of the dictatorial methods pursued by the NRA and lessening of the powers of that administrative body." The *News* had put NRA hours and wages into effect but did not subscribe to the code, an act which, the editors thought, "might involve the surrender of rights guaranteed by the Constitution of the United States."¹⁹ The black press was hostile. The *Richmond Planet* viewed the NRA as a flop and of no help to the Negro; the *Norfolk Journal and Guide* labelled it the "Negro Removal Act." Virginia editors believed NRA had overextended itself and should have confined its efforts to the large industries rather than attempting to regulate every business in the country.²⁰ The *Times-Dispatch* and the *Portsmouth Star*, both of which had strongly supported NRA in the beginning despite its revolutionary nature, concluded it had outlived its usefulness. The *Star* acknowledged:

We began with a great fanfare of trumpets, and some of the enthusiastic saw the New Jerusalem, or something like it, coming down out of the clouds. Wages were going to be raised, profits were going to be assured, men were going to be put to work, and chiselers were going to bleed and die, willy-nilly.

¹⁸ Cabell Phillips, "NRA—Help or Hindrance?" *Times-Dispatch*, October 11, October 12, October 13, October 15, October 16, October 17, 1934; Annual Reports of the Virginia Electric and Power Company, 1933, 1934.

¹⁹ *Lynchburg News*, September 3, 1933, January 6, 1934.

²⁰ *Richmond Planet*, April 21, November 3, 1934; *Journal and Guide*, March 2, 1935; *Portsmouth Star*, June 7, 1934; *Richmond News-Leader*, May 16, 1935.

So we got started. And little by little the bright colors faded. What looked simple, in the first flush of excitement, began to appear remarkably complex.

Some men were put back to work, but the unemployment problem continued to grow. Some profits increased and others vanished.

Some wages went up and others did not. Chiselers bled and died only sporadically, and not by platoons.

So now we come to a great reorganization, under new leadership, and there is much disillusionment about it all.²¹

On May 27, 1935, the Supreme Court in a 9-0 decision declared NRA unconstitutional, finding the power to fix wages and hours by codes an illegal delegation of congressional power. Following a year of disenchantment, the decision was neither unexpected nor entirely unwelcome. Although NRA had increased employment and wages, restored confidence in the government's ability to effect improvement, and fostered better working conditions, it had not tapped the necessary spirit of cooperation among government, business, and labor which full recovery required. Profit making through price increases rather than business expansion, price fixing, and the avoidance of collective bargaining all indicated that business was unable or unwilling to consider the needs of consumer and laborer while advancing its own interests.²²

In Virginia the decision was hailed in some quarters and resignedly accepted in others as unfortunate but necessary. State Director Corson said the ruling was "timely," but he hoped new legislation would preserve the best features of NRA.²³ Ninth District Congressman John Flannagan was more emphatic: "if the Constitution stands in the way of regulating by law ruthless and unfair competition, protecting labor by fixing minimum wages and hours . . . and abolishing child labor and the sweat shop, then it is high time we amend our Constitution."²⁴ The *Times-Dispatch*, which believed an NRA replacement essential, was concerned about the adverse effect such an immediate liquidation might have on the economy. Several newspapers pointed to the good that had been accomplished, fearing an erosion of the standards that NRA codes had set. The Roanoke *World News*, however, revelled at the defeat of the "unauthorized attempts of brain trustees to make America over." Concluded the *Richmond News Leader*, "Under the great fear of the depression, the mob-mind of the

²¹ *Star*, November 3, 1934, May 27, 1933; *Times-Dispatch*, May 19, 1933, May 16, 1935.

²² *Times-Dispatch*, May 28, 1935; Leuchtenburg, *FDR and the New Deal*, pp. 69-70, 145; state NRA report, November 15, 1935, Box 4955, Record Group 9, National Archives.

²³ *Times-Dispatch*, May 28, 1935.

²⁴ *World News*, May 29, 1935.

American people was aroused in support of a well-intentioned but dangerously unlawful exercise of dictatorial power by the president with the consent of Congress." Both Virginia senators were pleased with the Court's decision; Glass remarked tartly, "I have always been opposed to any such exercise of tyranny as was practiced under the act."²⁵

Virginia Labor Commissioner John Hall had a far different view of the value of NRA. In the annual departmental reports Hall, while conceding the imperfections of the program, attributed recovery in Virginia to NRA's codes and the public works expenditures. He cited better working conditions, higher wages, and declining unemployment as evidence of NRA's contribution to the state's revitalized economy, which had markedly improved since 1933. After the Recovery Administration was terminated, Hall noted a decline in labor standards with child labor increasing and more numerous violations of maximum-hour laws occurring.²⁶ Other labor officials lamented its loss and looked to the newly proposed Wagner Act to maintain collective bargaining rights. Past VFL President R. T. Bowden said, "I can't conceive that the country would be willing to give up the obvious benefits . . . derived from NRA." W. E. Robinson of the Richmond Trades and Labor Council criticized the Court for being "out of touch with the times."²⁷

Fearing a return to unfair practices and cutthroat competition, many merchants indicated they would voluntarily uphold the NRA wage and hour standards, action that was urged by Governor George Peery and the Richmond Chamber of Commerce. The state NRA office said it would accept and publish statements of compliance from businesses which followed this course. Large firms such as Dan River Mills, Virginia-Carolina Chemical Corporation, and the American Tobacco Company had no difficulty in continuing NRA standards, but smaller, marginal companies were among the first to extend hours and cut wages. Within five months some furniture companies were reportedly working sixty-hour weeks and paying twenty to thirty cents an hour with no overtime pay. Most frequent violators were the dry cleaning plants and the lumber companies.²⁸

In sixteen months of code administration the state NRA office received 3,916 complaints alleging code violations. Over one thousand were im-

²⁵ *Star*, May 28, 1935; *Times-Dispatch*, May 28, 1935; *World News*, reprinted in *Lynchburg News*, May 30, 1935; *News Leader*, May 29, 1935.

²⁶ *Thirty-seventh Annual Report of the Department of Labor and Industry* (Richmond, 1935), pp. 5, 6; *Thirty-eighth Annual Report . . .* (Richmond, 1935), p. 20.

²⁷ *Times-Dispatch*, May 28, 1935.

²⁸ *Times-Dispatch*, May 28, May 29, May 30, June 8, 1935; state NRA reports, October 24, 1935, and August and September 1935, Box 4955, Record Group 9, National Archives.

mediately rejected as unfounded and were not investigated. The remaining 2,888 cases, eighty percent of which were wage and hour complaints, involved one hundred ninety different codes; they were either adjusted, rejected, or referred to other agencies. Eleven Blue Eagles were withdrawn for labor infractions, while many others, especially among canning firms, were taken away by regional office decisions. The state office remained open until January 1936, staffed by a skeleton force which compiled lists of post-NRA code violators and submitted final reports.²⁹

Ill-conceived and too reliant on business and labor to divest themselves of self-interest, NRA proved not to be the panacea for permanent national recovery. Unemployment did not decline appreciably and the prosperity of the 1920s did not return. While its impact in Virginia was favorable because Old Dominion workers benefitted from the most minimal improvements, even here its liabilities were apparent: too many codes, too many bureaucrats, too little muscle, and too little trust. Roosevelt had discovered that economic recovery demanded more than fireside chats and Blue Eagle emblems. Escape from the grip of depression would have to await more effective New Deal programs and the spending necessitated by World War II.

²⁹ State NRA reports, July 22 and August 1, 1935, and other records, Box 4955 and Box 5065, Record Group 9, National Archives.